United Nations A/68/161

General Assembly

Distr.: General
18 July 2013

Original: English

Sixty-eighth session
Item 133 of the preliminary list*
Financial reports and audited financial statements, and reports of the Board of Auditors

Third progress report of the Board of Auditors on the implementation of the International Public Sector Accounting Standards

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly a letter dated 30 June 2013 from the Chair of the Board of Auditors transmitting the third progress report of the Board of Auditors on the implementation of the International Public Sector Accounting Standards as at 30 June 2013.

* A/68/50.

13-39937 (E) 300813

Please recycle

Letter of transmittal

30 June 2013

I have the honour to transmit to you the third progress report of the Board of Auditors on the implementation of the International Public Sector Accounting Standards as at 30 June 2013.

(*Signed*) Amyas **Morse**
Comptroller and Auditor-General of the United Kingdom of
Great Britain and Northern Ireland
Chair of the Board of Auditors

The President of the General Assembly
of the United Nations
New York

Third progress report of the Board of Auditors on the implementation of the International Public Sector Accounting Standards

Summary

In October 2010, the Advisory Committee on Administrative and Budgetary Questions recommended that the Board prepare an annual report on progress towards the implementation of the International Public Sector Accounting Standards (IPSAS) (A/65/498). The present third progress report summarizes the results for nine funds and programmes that adopted IPSAS in 2012 and examines the readiness of the United Nations and peacekeeping operations to adopt IPSAS.

Overall conclusion of the Board

Funds and programmes audited by the Board

In 2012 nine entities successfully produced IPSAS-compliant financial statements: the United Nations Development Programme; the United Nations Population Fund; the United Nations Office for Project Services; the United Nations Children's Fund (UNICEF); the Office of the United Nations High Commissioner for Refugees; the United Nations Entity for Gender Equality and the Empowerment of Women; the United Nations Joint Staff Pension Fund; the United Nations Relief and Works Agency for Palestine Refugees in the Near East; and the United Nations Capital Development Fund.

While UNICEF received an unqualified audit opinion, the Board did raise an emphasis of matter, drawing attention to enhanced note disclosures to the financial statements about the nature of the relationship between UNICEF and the National Committees, and UNICEF accounting policies for recognizing revenues from National Committees' private sector fundraising activities (A/68/5/Add.2). The Board considers the enhanced note disclosure as fundamental to users' understanding of the financial statements.

Overall, this is a major achievement and reflects the commitment and energy of the entities concerned, in terms of adopting new accounting standards and implementing changes in business processes and systems.

For many of these entities, the implementation of IPSAS was a resource-intensive and largely technical exercise, although there were elements to varying degrees of establishing new and re-engineering existing processes. They now need to embed and streamline their processes for preparing financial statements, improve initial quality and timeliness and lay the foundations for improved in-year financial reporting to management.

While a major step forward, IPSAS and the new financial information that the IPSAS framework can provide are useful only if they lead to greater transparency about the full costs of operations and facilitate improved decision-making. Improved financial information offers a platform for better financial management evidenced through more timely and evidence-based decisions driving tangible business benefits and improved accountability.

This is also a significant opportunity to enhance the role of the finance function in providing strategic advice in order to help managers understand how they are spending money, both challenging and assisting them in explaining why activities and services cost what they do and how such costs can be controlled to help manage financial challenges, and to help them understand the financial consequences of their decisions both before and after they are made.

With regard to the funds and programmes, the Board urges concerted action to complete benefits realization plans with a renewed focus on how the new information can be used to modernize business administration and drive cost-effective delivery.

United Nations and its peacekeeping operations

The United Nations remains committed to implementation against its targets, namely full IPSAS implementation from 1 July 2013 for peacekeeping operations and from 1 January 2014 for the United Nations. It will continue to require strong leadership, effective programme management and the commitment of the entire Organization at this critical stage.

The Administration has adopted a pragmatic strategy of reliance on legacy systems to manage the impact of delays in the implementation of the new enterprise resource planning system (Umoja) and made significant and positive progress in a range of areas since the second progress report of the Board of Auditors was issued, including against many of the Board's recommendations, for example: (a) defining the systems architecture and making and testing the necessary enhancements to legacy systems; (b) collecting data on property, plant and equipment; (c) conducting detailed financial statements simulation exercises; and (d) strengthening governance and project management, including establishing independent project assurance arrangements.

The Administration is making good progress against its revised implementation plan, but success is not yet assured. It now needs to actively manage and mitigate a number of key risks, including:

- The use of multiple legacy systems as a transitional strategy, which injects additional risk into what is an inherently high-risk implementation, in particular the preparation of data, which is already a significant challenge in its own right, to ensure the completeness, accuracy and appropriate accounting treatment of material values in relation to property, plant and equipment and inventory.
- Standard operating procedures for peacekeeping operations were issued on time (end of April 2013), but after the Board's audit of progress in implementing IPSAS. The Board has not reviewed the procedures but will audit their practical application during its next audit of peacekeeping missions.
- The corporate guidance to translate the policy framework for the rest of the United Nations should be issued promptly, in the light of the need to complete opening balances for 1 January 2014.

- Although the Organization decided to implement IPSAS within existing resources across the whole Organization, the Administration's risk management returns from some locations away from Headquarters continue to indicate problems in redeploying dedicated resources to deliver implementation. However, the Board acknowledges Headquarters efforts to liaise with missions and offices away from Headquarters to provide support and resources where appropriate.

The Board considers that generating and cleansing reliable transactional data on property, plant and equipment and inventories based on reliable accounting guidance is the single biggest risk of non-compliant financial statements at the time of reporting, and an area requiring the close attention of the Steering Committee.

Recommendations

Main recommendations

The Board recommends that all entities:

- **Finalize comprehensive and practical benefits realization plans by the end of 2013.**
- **Consider how information generated from IPSAS accounts can be used to develop comprehensive management accounts and information on the costs of operations to support more effective management decision-making.**

The Board recommends that the United Nations and its peacekeeping operations:

- **Prioritize finishing and rolling out definitive accounting corporate guidance and instructions to all locations to standardize the accounting treatment of accounting data and issuing clear instructions to all locations on how to account for assets and liabilities by counting and recording their property, plant and equipment and inventory and checking that these are accurately reflected in the appropriate systems.**
- **Implement the IPSAS Project Assurance Officer's recommendations as a matter of urgency, so as to improve risk management information and the accuracy of progress reporting.**

Follow-up to previous recommendations

In its previous progress report on IPSAS, the Board made 15 recommendations, of which 8 (53 per cent) have been implemented and 7 (47 per cent) are under implementation (see annex II). Seven recommendations related solely to the United Nations and its peacekeeping operations and are commented on in section IV of the present report.

Contents

		Page
I.	Background	7
II.	Mandate, scope and methodology	7
III.	First full year of implementation of the International Public Sector Accounting Standards by funds and programmes audited by the Board	8
	A. Overall summary	8
	B. Control and financial statements preparation	9
	C. Benefits realization	9
	D. Impact of adopting transitional provisions	11
	E. Modernization of financial regulations and rules	11
	F. Enhancing financial management	12
IV.	Findings and recommendations on the United Nations and peacekeeping operations	13
	A. Follow-up to the Board's previous recommendations in relation to the United Nations and peacekeeping operations	13
	B. International Public Sector Accounting Standards benefits realization in the United Nations	14
	C. Change management: staff training	14
	D. Progress against milestones	15
	E. Governance	20
V.	Other matters	22
	A. Harmonization and standardization of business practices	22
	B. Annual accounts and reporting	23
VI.	Acknowledgement	24
Annexes		
I.	United Nations system organizations' targets for implementation of the International Public Sector Accounting Standards	25
II.	Status of implementation of the Board's recommendations in its second progress report on the implementation of the International Public Sector Accounting Standards	26
III.	Information systems architecture for United Nations production of financial statements compliant with the International Public Sector Accounting Standards	30
IV.	Budget for implementation of the International Public Sector Accounting Standards at the United Nations, March 2013	32

I. Background

1. In July 2006, the General Assembly, in its resolution 60/283, approved the adoption of the accruals-based International Public Sector Accounting Standards (IPSAS) for the presentation of the organizations' financial statements. IPSAS are independently developed standards, written specifically for the public sector. They are more precise and detailed than the internally developed United Nations system accounting standards, leaving far less scope for inconsistent interpretation.

2. The timetable for the implementation of IPSAS has been revised on a number of occasions. The latest implementation dates for United Nations system organizations are set out in annex I. The United Nations continues to work towards the first full year of IPSAS adoption for peacekeeping operations from 1 July 2013, and for the United Nations itself from 1 January 2014.

II. Mandate, scope and methodology

3. In October 2010, the Advisory Committee on Administrative and Budgetary Questions recommended that the Board prepare an annual report on progress towards the implementation of IPSAS (A/65/498). The Board produced its first report in July 2011 (A/66/151) and the second report in July 2012 (A/67/168).

4. The present third annual progress report: (a) summarizes the outcome of the first full year of IPSAS implementation of nine funds and programmes audited by the Board[1] (including the United Nations Capital Development Fund, which under IPSAS needs to be accounted for separately from the accounts of UNDP); (b) assesses the current status of progress, the key risks to successful delivery and the actions needed on the part of the United Nations and its peacekeeping operations, supplementing the Board's findings on the status of IPSAS implementation at the peacekeeping mission level set out in its most recent report on peacekeeping operations (A/67/5 (Vol. II)); and (c) highlights a number of other matters, such as the harmonization of business processes. The Board's audit opinions and detailed reports are included in the reports and accounts of the individual funds and programmes.[2]

[1] United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), United Nations Office for Project Services (UNOPS), United Nations Children's Fund (UNICEF), Office of the United Nations High Commissioner for Refugees (UNHCR), United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), United Nations Joint Staff Pension Fund, United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and United Nations Capital Development Fund.

[2] UNDP (A/68/5/Add.1), UNFPA (A/68/5/Add.7), UNOPS (A/68/5/Add.10), UNICEF (A/68/5/Add.2), UNHCR (A/68/5/Add.5), UN-Women (A/68/5/Add.13), United Nations Joint Staff Pension Fund (A/68/9), UNRWA (A/68/5/Add.3), United Nations Capital Development Fund (A/68/5/Add.14).

5. The Board will comment in detail on United Nations entities implementing IPSAS in 2014[3] in the fourth and final progress report on IPSAS in mid-2014. However, many of the issues raised with respect to the United Nations and peacekeeping operations in section IV of the present report will also affect other United Nations entities implementing IPSAS in 2014.

6. The Board's observations and conclusions were discussed with the respective administrations, whose views have been appropriately reflected in the present report. The work was also coordinated with that of the Office of Internal Oversight Services and the internal audit services of the funds and programmes where relevant.

Follow-up to the Board's previous recommendations

7. In its previous report on IPSAS, the Board made 15 recommendations, of which 8 (53 per cent) have been implemented and 7 (47 per cent) are under implementation (see annex II). Seven recommendations related solely to the United Nations and its peacekeeping operations and are commented on in section IV. The two recommendations that related to specific funds and programmes were fully implemented in the course of IPSAS implementation in 2012.

III. First full year of implementation of the International Public Sector Accounting Standards by funds and programmes audited by the Board

A. Overall summary

8. The present section of the report summarizes the results of the first-time implementation of IPSAS in 2012 by nine United Nations funds and programmes audited by the Board. All of the nine entities achieved unqualified audit opinions (UNDP, UNFPA, UNOPS, UNHCR, UNICEF, UNRWA, UN-Women, United Nations Joint Staff Pension Fund and United Nations Capital Development Fund), by successfully reporting their revenue, expenditure, assets and liabilities in line with their IPSAS-based accounting policies.

9. While UNICEF received an unqualified audit opinion, the Board did raise an emphasis of matter, drawing attention to enhanced note disclosures to the financial statements about the nature of the relationship between UNICEF and the National Committees, and UNICEF accounting policies for recognizing revenues from National Committees private sector fundraising activities (A/68/5/Add.2). The Board considers the enhanced note disclosure as fundamental to users' understanding of the financial statements.

10. The Board considered the accounting policies adopted by each entity to be commensurate with the specific activities of the entity and to enable the fair and full presentation of the results of entities' operations in their financial statements.

[3] United Nations Office on Drugs and Crime, United Nations Environment Programme, United Nations Human Settlements Programme, International Trade Centre, United Nations University, United Nations Institute for Training and Research, United Nations Framework Convention on Climate Change, United Nations Convention to Combat Desertification, International Tribunal for the Former Yugoslavia, International Criminal Tribunal for Rwanda and International Residual Mechanism for Criminal Tribunals.

Overall, IPSAS implementation across the nine entities was a very positive outcome, demonstrating the commitment of each entity to implementing the new standards as fully as possible.

B. Control and financial statements preparation

11. While the successful implementation of IPSAS is a significant achievement, most entities still face a number of challenges. The Board has highlighted various examples in entity-specific reports, including the following:

(a) All of the nine entities have varying degrees of weaknesses in internal control in relation to asset management for property, plant and equipment and inventory, requiring further action to minimize the risk of losses and error. For example, UNHCR and UNOPS were unable to prepare reliable data on assets, and UNDP, while identifying its management assets and land and buildings, needed more time to recognize all its project assets. These entities, therefore, adopted IPSAS transitional provisions allowing up to five years to fully recognize property, plant and equipment assets;

(b) Some entities, such as the United Nations Joint Staff Pension Fund, needed to make significant manual adjustments to account balances at the year end to produce accruals-based data, with the associated risk of error still prevalent;

(c) UNOPS was underprepared for IPSAS implementation, with significant post-audit adjustments required to the financial statements, reflecting in part the need to rethink its approach to complex issues, such as agent and principal status in relation to projects that they manage on behalf of other organizations;

(d) UNHCR experienced significant difficulties in reconciling inventory stock counts to their inventory record systems, requiring material post-audit adjustments to their inventory balances. UNFPA was unable to establish an inventory balance based on systems in place in the country offices, necessitating a manual compilation to establish the financial statements final balance;

(e) A number of entities, including UNFPA, UNDP and UN-Women have fully depreciated assets that are still in use, requiring a re-evaluation of their useful lives (in line with International Public Sector Accounting Standard 17). While the amounts involved are not material, the Board considers that this indicates a need to revalue the useful lives of those assets.

12. The Board concludes that entities still have much to do to establish streamlined and accurate financial statement preparation processes under IPSAS and ensure that these are operating on a monthly basis. Efforts in this regard will not only reduce work at the year end and the risk of inaccurate financial statements but, more importantly, lay the foundation for accurate interim (in-year) financial reporting to management across the entire Organization.

C. Benefits realization

13. In its previous reports, the Board recommended that administrations: (a) define and plan for benefits that they expect to achieve from the new information that will be available under IPSAS; (b) establish clear accountability for benefits delivery;

(c) establish mechanisms to track benefits delivery; and (d) keep senior management and governing bodies apprised of progress towards benefits realization. The Board also recommended that all entities finalize or prepare a comprehensive benefits realization plan by the end of 2012.

14. As at end May 2013, several entities had completed or substantially completed their benefits realization plans, but only one, the United Nations Joint Staff Pension Fund, had implemented its plan. UN-Women had completed a benefits realization plan, while UNHCR had held workshops with relevant business areas to identify the benefits of the IPSAS project and required senior managers in every business unit to take ownership and accountability for benefits realization. UNDP considers that the process of implementing IPSAS embedded a number of prospective benefits and expects to have a specific benefits realization plan in place by the end of 2013.

15. In 2012, entities prioritized the practical aspects of implementing the new accounting framework, but it is important that attention now shift to how financial management, control and decision-making can be improved using IPSAS as a platform for beneficial change. Some early benefits have been highlighted by the Board in the entity-level reports, including:

(a) Improved management of inventory and property, plant and equipment (UNHCR) and management of inventory in transit (UNFPA);

(b) Improved management of debtors and accounts receivable; significant values of accounts receivable and inventory assets which were unlikely to be collected or used have been impaired, improving information on the real value of the assets held by the entity (UNOPS, UNHCR);

(c) Analysis of employee benefits liabilities has prompted a more focused review of funding arrangements for after-service health insurance liabilities and repatriation entitlement liabilities (UNOPS, UNHCR); and strengthened implementation of the existing employee benefits funding plan (UNFPA);

(d) Renewed training and updated documentation of policies and procedures has helped to improve financial management skills, capacity and staff understanding in all entities;

(e) Enhanced specific reporting to donors and partners (UNDP, UNFPA).

16. The United Nations Joint Staff Pension Fund, which had implemented its benefits realization plan, identified a specific and significant benefit arising from the fair valuation and reporting of investments, which means that the Fund has more reliable and comprehensive information on investment performance and the full value of the funds.

17. It is important that concerted action be taken, and momentum maintained, to realize the full range of benefits available. In particular, the new information available on the use of resources and the extent of liabilities needs to be used to better measure and understand the full costs of operations and to improve management in all areas, including fixed assets, inventory, payroll and wider employee benefits. For example, by using the new information available on property assets and leases, entities will be able to develop comprehensive and long-term estates management strategies.

18. **The Board recommends that all entities finalize or prepare a comprehensive and practical benefits realization plan by the end of 2013.**

19. When assessing benefits, it is also important to assess the costs associated with implementing and maintaining the accounting framework, so that management can demonstrate that the benefits flowing from IPSAS represent a good return on Member States' investment.

20. **The Board encourages all entities reporting on benefits to also be clear about the one-off and recurring costs of IPSAS implementation and how these have been handled or will be managed going forward.**

D. Impact of adopting transitional provisions

21. In its previous progress report, the Board noted that a number of entities were planning to adopt transitional measures under IPSAS that allow an extended period of time to fully adopt the requirements of certain IPSAS standards. In line with the relevant IPSAS standards, UNHCR, UNOPS and UNDP have invoked allowable transitional arrangements as follows:

(a) Allowing up to five years to fully account for property, plant and equipment (UNHCR, UNOPS);

(b) In the case of UNDP, evoking the transitional provision up to 2015 for full recognition of its project assets.

22. The Board considers that the use of such transitional provisions is allowable under the relevant standards providing the entity aims for full adoption within a prescribed timescale. In other areas, the Board notes that UNHCR, UNDP and UNOPS are making sufficient progress to improve the quality of their information on property, plant and equipment and inventory to be able to fully comply with IPSAS by 2016. In the interest of faster benefits realization, the Board encourages compliance on as short a time frame as possible.

E. Modernization of financial regulations and rules

23. The Board has previously noted that entities updating their financial regulations and rules in preparation for IPSAS kept changes to the minimum required for IPSAS adoption. There is generally limited consideration of the wider changes that could be made to financial regulations and rules to reflect developments with regard to modernized business policies and procedures.

24. For example, the Board previously recommended that entities consider how information generated from IPSAS accounts can be used to develop comprehensive management information on the costs of operations to support effective management decision-making. The Board previously noted that the United Nations, UNDP, UNFPA and UNOPS had plans for enhancing existing or new enterprise resource planning systems to enable the production of management accounts. Some progress has been made, for example UNFPA adapted its real estate applications to gather information for accounts production and management, but more needs to be done. The Board re-emphasizes that generating robust and valuable management accounting data requires strong financial management discipline across the whole entity to

support accurate and timely data entry, as well as clear timetables for the frequency with which accounting data is to be available for internal reporting purposes.

25. In the first year of IPSAS adoption, there has also been limited progress in improving the financial reporting to senior management to provide regular and ongoing information on financial performance throughout the year. For example, UNHCR has developed a quarterly management report for its regional bureaux and divisional directors and a summary report (dashboard) of indicators for country representatives, which it expects to implement in September 2013.

26. **The Board updates its previous recommendation that all entities consider how information generated from IPSAS accounts can be used to develop comprehensive management accounts and information on the cost of operations to support more effective management decision-making.**

F. Enhancing financial management

27. IPSAS adoption represents a significant opportunity to enhance the role and profile of financial management in general and finance functions in particular, especially at a time when United Nations system financial managers need to manage the risks from increasing mandates and declining resources. Fundamentally, enhanced financial reporting is not the end; the real challenge is to use the new financial information to drive benefits across the entire business. To meet these challenges in a structured and sustainable way requires a fundamental re-examination of costs and the way in which entities currently deliver their services and activities. Enhanced financial management to support improved organizational performance is vital to achieving this.

28. The Board encourages:

(a) The United Nations financial management community to develop a vision for good financial management within the United Nations system, in particular how finance can support better strategic and business decision-making and better business outcomes, and how levels of financial literacy can be enhanced across the system as a whole;

(b) All entities to develop plans to enhance the financial management of their organizations and to monitor and report on the progress being made.

29. The Board will continue to help entities identify best practice in financial management and to draw attention to methodologies that may help United Nations entities assess their financial management capability against a common framework.

30. As previously noted, IPSAS will require a shift in the skill set required in finance functions in particular. Entities face challenges in recruiting staff with a thorough knowledge of IPSAS and need to consider the adequacy of their training and resourcing strategies to maintain the level of accounting expertise required. In this regard, the Board notes a number of examples where members of IPSAS implementation teams have been brought into core finance and accounting teams to enhance continuity and capacity. The Board will continue to monitor progress on training and the composition of finance and accounting teams.

IV. Findings and recommendations on the United Nations and peacekeeping operations

A. Follow-up to the Board's previous recommendations in relation to the United Nations and peacekeeping operations

31. Of the seven previous recommendations relating specifically to the United Nations and its peacekeeping operations, five have been implemented and two are under implementation (see annex II).

32. The implementation of IPSAS within a diverse and fragmented organization like the United Nations is a complex and demanding business transformation process. The complexity is exacerbated because it does not have an accruals-based enterprise resource planning system in place and is therefore simultaneously implementing IPSAS and a new enterprise resource planning system across two distinct accounting cycles and parts of the organization (peacekeeping operations and the United Nations itself) and multiple other financial reporting entities.

33. Previously, the Board had noted the good progress that the United Nations IPSAS implementation team had made towards completing the IPSAS accounting policy framework, but highlighted the need for urgency in converting the policy framework into practical application guidance for staff. At the time of audit, corporate guidance and IPSAS standard operating procedures were being developed, and the Administration expected to identify further practical issues to address within the accounting policy framework and overall application guidance. In the meantime, the IPSAS implementation team was conducting weekly videoconferences with offices away from Headquarters to capture case studies to supplement the corporate guidance, and the Department of Field Support was engaging with peacekeeping missions to collate improvements to the standard operating procedures.

34. The Board noted that standard operating procedures in critical areas (including leases, equipment, provisions and contingent items, impairment, and revenue from non-exchange transactions) had been completed and were available to peacekeeping missions by the end of March 2013. In addition, a detailed suite of guidance documents on IPSAS opening balances was provided to missions on 29 April 2013, supported by workshops for mission staff involving the United Nations IPSAS implementation team, staff of the Accounts Division of the Office of Programme Planning, Budget and Accounts and the Department of Field Support IPSAS team.

35. With regard to non-peacekeeping locations, at the time of writing, 16 of 19 corporate guidance thematic chapters had been finished in consultation with the locations away from Headquarters. The Administration is working to finalize and roll out the guidance with sufficient time before 1 January 2014.

36. The Board recognizes the good progress made in this work but is concerned that a full set of guidance was only finalized close to the go-live date for peacekeeping operations. The less time staff have to familiarize themselves with the new operating procedures, the greater the risk that information needed to support IPSAS-compliant financial statements will not be available. The risk will be exacerbated where staff, in peacekeeping missions in particular, are also implementing the new enterprise resource planning system and other transformations, such as the global field support strategy. The Board will be auditing the practical application of

the detailed standard operating procedures and guidance to staff, initially in its future audits of peacekeeping missions.

B. International Public Sector Accounting Standards benefits realization in the United Nations

37. In its previous report, the Board reported that the United Nations had started to develop a benefits realization plan, with a planned completion date of end 2012. As at May 2013, the benefits realization plan for the United Nations remained under development. The delay is a result of difficulties in recruiting an appropriate professional to develop the plan, and finalization and deployment are now expected in January 2014. The Board understands that the benefits plan will be predicated on the benefits first proposed in 2006 by the Secretary-General when the announcement to adopt IPSAS was made, and will be developed and deployed in two phases:

(a) Phase 1: developing the benefits realization strategy and framework and identifying and designating managers responsible for the delivery of the defined benefits. It will be presented to senior managers early in 2014, followed by training for senior managers on how to identify, track and report benefits;

(b) Phase 2: implementation to capture, monitor and report benefits across the wider Secretariat, and will be handled as a separate exercise.

38. The IPSAS team is developing specific metrics for the measurement of benefits and baseline metrics associated with actions solely related to the adoption of IPSAS. The Administration informed the Board that the focus would be on qualitative rather than quantitative benefits, which it considered consistent with the initial articulation of the IPSAS benefits by the Secretary-General to the General Assembly. The Board considers, however, that quantitative benefits must also be captured and that these will exist early in implementation.

39. The benefits realization work will be overseen and controlled by the United Nations IPSAS Benefits Working Group, which will be responsible for agreeing, assigning ownership and then tracking and monitoring the delivery of benefits. A separate budget has not been set for the benefits realization project. It is therefore important that the realization of benefits be embedded in the delivery and continuous improvement of operations and business administration.

40. **The Administration accepted the Board's recommendation that it complete the benefits realization plan by the end of 2013 and establish a clear framework of performance milestones against which to monitor the plan's implementation.**

41. The Administration stated that an initial draft of the plan had already been developed with input from many stakeholders. The plan would be finalized by the end of 2013 and deployed in 2014, and the rationale for not having a separate budget from the beginning was to embed the realization of benefits into ongoing operations.

C. Change management: staff training

42. In its previous reports, the Board noted that the United Nations had developed an enhanced training plan to deliver tailored IPSAS training to different types

and grades of staff. A target audience of about 3,500 United Nations staff worldwide would be given awareness training; some 1,500 staff would be targeted for working-level conceptual training; and about 500 of the latter group would be given specialist training.

43. As at 30 June 2013, 3,344 staff out of the target 3,500 had completed instructor-led training, and further plans were in place to train about 100 staff in financial statements preparation to support the first IPSAS financial statements for peacekeeping and the United Nations. The Administration reported that the original plan for specialist training had evolved owing to the use of a combination of transition arrangements and processes to produce IPSAS statements prior to the full deployment of Umoja. IPSAS specialist training, which focuses on the production of financial statements, will be deployed to a limited number of staff who will be directly involved in financial statement preparation prior to Umoja implementation. To take care of the gap, the United Nations IPSAS implementation team has introduced implementation workshops, the first of which were deployed in May 2013 to support opening balances in peacekeeping missions; about 100 peacekeeping staff participated in those workshops.

44. A change manager was appointed in 2011 to oversee the implementation of the training plan, and the Board noted previously that this was a welcome strengthening of the arrangements. However, since March 2013 the post has been vacant. The Board considers it important that this post be filled as soon as practicable. The Administration stated that the change manager was currently being recruited.

D. Progress against milestones

Implementation time frame and opening balances

45. The United Nations remains firmly committed to the IPSAS implementation targets for peacekeeping operations and the United Nations Secretariat. The key tasks for IPSAS implementation are set out in separate and detailed actions plans for peacekeeping operations and the United Nations. These plans establish start and end dates for tasks and align them to activities and deliverables. The plans also incorporate specific mitigating actions to address the risks highlighted in the Board's second progress report.

46. The Board noted at the time of audit that the majority of tasks were either "behind" or "in jeopardy" and that as management updated the plans, they revised and extended target dates, making it difficult to track the progress made between different versions. The Board considers that extending target dates increases the risk that delays are not clearly identified for the attention of management and addressed by, for example, the IPSAS Steering Committee.

47. The Administration subsequently informed the Board that a number of tasks in the action plan had to be rescheduled owing to emerging issues, but that all rescheduling had been done within the overall target dates for the production of the first IPSAS-compliant financial statements. In addition, the more recent month-to-month comparisons of completed activities in the project management reports show steady progress, with increasing numbers of tasks being completed and a steady decrease in the number of activities "in jeopardy" or "behind".

48. As demonstrated by the successful IPSAS implementation by funds and programmes in 2012, it is critical that the opening balances for assets and liabilities be established as early as possible, as these fundamentally underpin the first set of IPSAS financial statements. The Board noted that the action plans did not currently include a milestone for the earliest dates on which opening balances would become available for review. The key target dates for the submission of opening balances to the Board for review are:

(a) Peacekeeping: 1 January 2014, six months after the go-live date for IPSAS;

(b) United Nations: 1 August 2014, seven months after the go-live date for IPSAS.

49. Interim financial statements produced in the first year of IPSAS adoption provide a valuable early alert to any significant risks to successful implementation. The Administration plans to produce interim IPSAS financial statements for the first six-month period for peacekeeping operations by 31 March 2014 and for the United Nations by 30 September 2014. The production of interim financial statements will enable both management and the Board to assess the robustness of the financial statements, underlying transactional data, the judgements supporting accounting policies and any transitional provisions that may be applied.

50. **The Administration accepted and has already implemented the Board's recommendation that it update and commit to the deadlines for opening balances and interim statements within each of the action plans and actively manages their delivery as key milestones.**

51. **The Board also recommends that the Administration: (a) clearly notify all United Nations and peacekeeping locations of the transactional information needed to construct opening balances; and (b) undertake testing and validation of data by the end of September 2013, to assess whether sufficient progress is being made to achieve target milestones.**

52. The Administration noted that detailed guidance was provided to missions on 29 April 2013, as were subsequent instructions on inventory, equipment and assets under construction. This means that part (a) of the recommendation is already implemented. The Administration accepted part (b) of the recommendation and noted that the process of progress assessment was built into the work of the IPSAS Project Management Office.

Financial statements simulation

53. The Administration has undertaken a financial statements simulation exercise and prepared a draft skeleton set of IPSAS-compliant financial statements for United Nations activities for the year ended 31 December 2011. The Administration also assessed the impact of IPSAS on each of the statements and schedules previously presented under the United Nations system accounting standards and documented (in the form of a briefing paper) how the information contained in the statements would be presented under IPSAS. The Board considers the briefing as a useful aid in managing the transition to IPSAS for senior management and could be used in briefings for the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee.

54. **The Administration accepted the Board's recommendation that it undertake a financial statements simulation exercise for the peacekeeping operations financial statements (Volume II) similar to that undertaken for the United Nations.** The Administration noted that this was already part of the current IPSAS implementation plan.

Risks to implementation

55. The Board has been working with the Administration to assess the progress made in collecting, analysing, cleansing and preparing data for reporting under IPSAS on a wide range of areas covering income, expenditure, assets and liabilities and has assessed in detail the outputs from the Administration's project management tool and visits to locations away from Headquarters.

56. The Board noted the following risks:

(a) Delays in the preparation of data on property, plant and equipment arising from difficulties in locating and recording all such assets;

(b) Delays in the preparation of data to ensure the completeness, accuracy and appropriate treatment of inventory, particularly in peacekeeping missions;

(c) The need to convert the accounting policy framework into practical guidance for staff to ensure consistency in the completeness, quality and interpretation of data at different locations;

(d) The Organization's decision to implement IPSAS within existing resources at Headquarters and in field offices increases the implementation risk. However, the Board notes that the Administration is actively addressing identified concerns and has provided support where justified (including through targeted increases in resources). For example, resources had been provided to peacekeeping missions through the field monitoring team, a group of five consultants based in Entebbe, Uganda.

57. The Board has engaged regularly with the Accounts Division through 2013 on the development of an IPSAS-compliant accounting policy for inventory in peacekeeping operations. Agreeing on an appropriate policy has been hampered by the difficulties in establishing reliable records for inventory items and assessing the point at which such items can be considered to be effectively "consumed" as opposed to being held as inventory. The Accounts Division is currently gathering information to estimate the levels of inventory items and assessing whether missions are holding large quantities of excess, slow-moving or obsolete stocks, which should be impaired and/or disposed of. The Board will evaluate the adequacy of the accounting policy for non-financial inventory when the analysis is finalized.

58. From the project management tool returns in March 2013, the Board notes that 11 peacekeeping missions continue to cite that the cleansing of asset data, the readiness of the accounting guidance and systems and process re-engineering for IPSAS are behind schedule. The Board also notes that the United Nations Office at Vienna, the United Nations Office at Geneva, the Economic and Social Commission for Western Asia, the Economic Commission for Latin America and the Caribbean and the Economic Commission for Africa have identified similar issues with regard to United Nations implementation. The Board considers that generating and

cleansing reliable transactional data on assets based on reliable accounting guidance is the single biggest risk to preparing IPSAS-compliant financial statements.

59. **The Board recommends that the Administration prioritize: (a) rolling out definitive accounting guidance and instructions to all peacekeeping operations and United Nations locations (including a finalized policy on the treatment of inventory) to standardize the accounting treatment of accounting data; and (b) issuing clear instructions to all locations on how to account for assets and liabilities by counting and recording their property, plant and equipment and inventory and checking that these are accurately reflected in corporate information systems, such as Galileo.**

Data on property

60. A substantial amount of data in relation to property, plant and equipment is held in the Galileo system. While the Department of Field Support is actively working with missions to complete and cleanse this data, there remains a considerable amount of work to be done to achieve reliable and auditable opening balances, including verifying assets existence, assigning useful lives and valuing assets. A field services staging tool has been developed to capture real estate data and develop opening balances, and appropriate expertise has been employed to analyse real estate holdings and more than 800 lease and property agreements. The completion of this work is critical to establishing accurate IPSAS opening balances for peacekeeping operations and will also aid the development of longer-term estates management strategies.

Systems development

61. The Board previously noted, in the light of the known delays to the implementation of the new enterprise resource planning project (Umoja), the Administration's pragmatic decision to use the Integrated Management Information System (IMIS) as a transitional measure for the production of IPSAS financial statements. The Board also highlighted a number of risks in this strategy, including: some uncertainty about the functionality of IMIS to provide accurate and auditable accruals-based accounting data; the increased difficulty of gathering timely, accurate, complete and reliable IPSAS-compliant accounting data from locations around the world, particularly on assets and inventory; the inherent risks associated with the need for manual collation of accruals-based accounting data; and the limited time remaining to train staff in the new accruals accounting requirements of IPSAS.

62. The Administration has made significant progress in addressing the risks. The interface strategy for the information systems to be used for IPSAS reporting is complete. It addresses the timing of adjustments to systems and the mappings and the interconnections between IMIS and the legacy systems to enable IPSAS-compliant financial statements to be produced. It also contains a clear plan of how these interconnections will evolve to full Umoja implementation in January 2016.

63. IMIS has also been enhanced to handle accruals-based transactions, and most of the enhancements have been tested and rolled out to offices away from Headquarters. While there is no guarantee that the enhanced arrangements will deliver IPSAS-compliant financial statements, the steps taken and the results so far

are positive. The Administration has also finalized the design of the information technology systems to be used for IPSAS adoption both initially and going forward (see annex III). In summary:

(a) Both peacekeeping and United Nations financial statements for the first year of IPSAS adoption will be produced in IMIS, which will summarize accounting data for reporting purposes;

(b) Transactional data for both peacekeeping and the United Nations will be held in several different systems, including IMIS, Umoja, Galileo, Progen and the field services staging tool for real estate.

64. The Administration expects the information systems to be ready by August 2013, and the Board aims to conduct a detailed review and testing of the systems in September 2013 for the United Nations and peacekeeping operations at Headquarters and a sample of remote locations visited as part of the planned audit programme.

65. Management recognizes the inherent risks in the IMIS transitional strategy, where transactional data pass across a number of systems for consolidation that will require very close and active management, in particular:

(a) The increased risk of materially incomplete accounting information gathered from a series of different systems for consolidation in IMIS;

(b) Inconsistent operation of internal controls in different systems and locations, particularly over the checking and authorization of core data input;

(c) Inconsistent accounting treatment arising from different interpretations of accounting rules where transactions are processed in a number of different systems. This could result in balances being misstated and inconsistent treatment by different locations away from Headquarters.

66. **The Board recommends that the Administration complete systems developments and adjustments by the end of August 2013 and confirm that: (a) all transactional data in each individual system is clearly identifiable at the individual transaction level; (b) each system can produce a control report or trial balance to consolidate individual transactions for transfer, either manually or across an interface to IMIS; and (c) that transfers of balances from each system are received as equivalent inputs in IMIS.**

67. The Administration accepted the recommendation, noting that all critical mandatory enhancements have subsequently been delivered. It also stated that optional enhancements are being developed for completion early in 2014. Each system interfacing with IMIS will also produce a control report in a standard format using an existing feature of IMIS with built-in validations and controls to check the consistency and integrity of the data being uploaded.

68. The Board has reported separately on the progress made with the implementation of the new enterprise resource management system (Umoja) (A/68/151). The table below summarizes the latest plans for the roll-out of Umoja for the peacekeeping and United Nations IPSAS implementations.

Planned roll-out of Umoja in support of the International Public Sector Accounting Standards

July 2013	*October 2013*	*January 2014*	*July 2014*	*July 2015*
United Nations Interim Force in Lebanon	All peacekeeping missions	Special political missions	United Nations Headquarters	Remaining offices away from Headquarters and regional commissions
			United Nations Office at Nairobi	
Office of the United Nations Special Coordinator for Lebanon (special political mission)			Economic Commission for Africa	

69. The roll-out plan indicates that for the first year of IPSAS adoption for peacekeeping operations and the United Nations, the financial reporting process will not be supported by a fully integrated enterprise resource planning system (Umoja). The Board considers it important that by the second year of IPSAS adoption, financial reporting be fully transferred to Umoja to maximize the benefits from new and complete financial information consolidated in one integrated system with a high standard of reporting functionality.

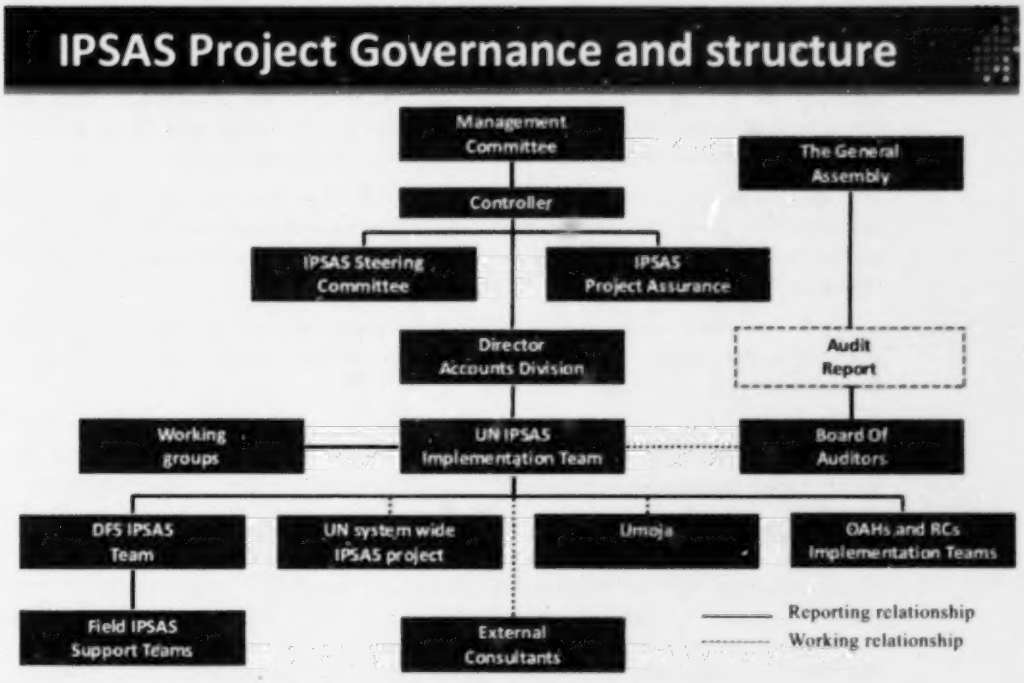
70. The Board has observed significantly improved integration and knowledge-sharing across the finance function and IPSAS and Umoja implementation teams, to finalize the 122 finance business processes and prepare for the first phase of full Umoja implementation in peacekeeping operations in October 2013. The Board also notes that the Department of Field Support has established an Umoja/IPSAS project office to better coordinate and integrate the implementation.

E. Governance

71. The Board previously recommended improvements to the governance of IPSAS implementation, specifically that the IPSAS Steering Committee integrate the IMIS technical support team into the overall IPSAS project framework to ensure accountability and monitoring of this new aspect of the project. The IPSAS implementation team has now been integrated into the Accounts Division, and both teams, including staff involved in IMIS technical support, now report to management within the Office of Programme Planning, Budget and Accounts, enhancing control over implementation and integrating knowledge across key teams.

72. The governance structure for the IPSAS project is now well established (see figure below). The Controller remains the overall project owner and continues to actively manage the project. There is also regular and enhanced reporting between those on the front line of the project, the IPSAS implementation team, the IPSAS Steering Committee and the Management Committee.

Governance structure of the International Public Sector Accounting Standards



Source: United Nations IPSAS implementation team.

73. The Administration has strengthened the composition of the IPSAS Steering Committee to ensure senior management support by appointing Assistant Secretaries-General to the Committee since January 2013. The Steering Committee has also refined its role to focus more attention on critical issues, such as keeping the project viable and within specified plans and timelines, rapid and decisive decisions on items and issues escalated to the Committee for resolution and ensuring that risk mitigation efforts are supported.

Project assurance

74. In 2013, in response to a recommendation from the Office of Internal Oversight Services, the Administration appointed the Chief of the Financial Information Operations Service of the Office of Programme Planning, Budget and Accounts as the IPSAS Project Assurance Officer to independently assess whether:

(a) Project progress data are accurate;

(b) Risk management actions are acted upon;

(c) Deliverables are fit for purpose;

(d) Progress towards promised benefits looks viable.

75. The Project Assurance Officer, from March 2013, has been reporting to the IPSAS Steering Committee on a monthly basis. Key issues highlighted (with clear recommendations for mitigating action) include:

(a) Analysis of project management returns from remote locations in February 2013 showed that more than 85 per cent of the provided statuses of activities in peacekeeping missions were incorrect and that more than 65 per cent of the provided statuses of tasks in offices away from Headquarters were incorrect;

(b) Some misunderstanding among field staff of the various status entries and when they should be used. In particular, many activities/tasks are shown as "not started" when the end date has already passed, in which case the status should be shown as "behind";

(c) In some cases the underlying evidence supporting the information provided in the project management tool is inconsistent or non-existent, making it difficult to verify.

76. **The Board recommends that the Administration implement the IPSAS Project Assurance Officer's recommendations as a matter of urgency, so as to improve risk management information and the accuracy of progress reporting.**

77. The Administration accepted the recommendation and stated that action had already been taken to strengthen central oversight and compile detailed assessments of peacekeeping mission progress and readiness for IPSAS implementation. For example, quality checks on the progress reports had been implemented, with resulting observations communicated to the respective offices for corrective action. The Project Management Office has also refreshed the concepts used in the structure of the project management tool and their appropriate use to minimize any misunderstandings, and is seeking to establish a cost-effective method to check consistency between progress reports and the underlying supporting evidence.

IPSAS implementation budget

78. The IPSAS budget remains at just over $23 million. The most recent status of expenditures is shown in annex IV. As at 31 May 2013, the Administration had spent $12.9 million dollars on the project. The Administration informed the Board that it anticipated that the overall expenditure for IPSAS might reach approximately $27 million up to the end of 2015, but that any excess over $23 million would not be financed from assessed contributions.

V. Other matters

A. Harmonization and standardization of business practices

79. The Board has previously highlighted the need for each United Nations entity to apply IPSAS-compliant accounting policies to fit its specific circumstances and activities, but also highlighted that the IPSAS Task Force could play an important role in establishing the reasons for significant differences in accounting policy treatments with a view to achieving greater consistency. The IPSAS Task Force continues to meet biannually to discuss the accounting policies adopted by the various bodies adopting IPSAS.

80. The Board recognizes that accounting policy differences arising from entity-specific characteristics will become more apparent over time. Such differences are not unexpected given the diverse nature of the business models and activities delivered by the various entities, and at this juncture the Board is satisfied that accounting policies adopted are appropriate to each entity's circumstance. The Board will continue to work with the IPSAS Task Force to monitor and consider variations in accounting policies to identify where increased harmonization may be possible.

B. Annual accounts and reporting

81. Under IPSAS, financial statements are being produced on an annual rather than a biennial basis. The production of more frequent financial statements and clearer reporting is one of the benefits of the switch to IPSAS, but this comes with practical consequences that need to be managed. In its previous reports, the Board highlighted the need for the Administration to resolve the implications of annual accounts and reporting, and the potential increase in workload for the Board, the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee (A/66/151, paras. 31-33). There has been ongoing dialogue on this matter between the respective stakeholders since this issue was identified.

82. It is ultimately for the Fifth Committee and the Advisory Committee to decide how much consideration it wants to give to annual financial statements and associated reports. The Board encourages the Administration to work with the Advisory Committee and the Fifth Committee to make the most effective use of annual IPSAS financial statements by focusing primarily on high-risk issues.

83. The Board previously highlighted the need for entities to review dates for accounts closure and production of financial statements in concert with the General Assembly's requirements to assess whether reporting dates can be adjusted to ease congestion and manage the workloads of finance sections and governing bodies. For example, under their financial regulations and rules, UNDP, UNFPA, UN-Women and UNOPS are required to submit financial statements for audit by 30 April, whereas the United Nations and other entities submit financial statements by 31 March.

84. The Board has encouraged UNDP, UNFPA, UN-Women and UNOPS to consider preparing financial statements by 31 March from 2014 to help ease the increased workload associated with auditing IPSAS annual financial statements. The Board recognizes that each entity faces different challenges in implementing such a change. For example, as part of its financial reporting process and the preparation of its financial statements, UNDP has to consolidate and process financial data received through project delivery reports and financial reports from various implementing partners and other responsible bodies (including various United Nations agencies and national partners).

VI. Acknowledgement

85. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Management of the entities concerned and members of their staff.

(*Signed*) Amyas **Morse**
Comptroller and Auditor-General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor-General of China

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor-General of the
United Republic of Tanzania

30 June 2013

Annex I

United Nations system organizations' targets for implementation of the International Public Sector Accounting Standards

Year	*Number of organizations*	*Organization*[a]
2014	4	United Nations (including peacekeeping operations)[b,c]
		World Tourism Organization
		United Nations University[b]
		Food and Agriculture Organization of the United Nations
2012	11	International Labour Organization
		Office of the United Nations High Commissioner for Refugees[b]
		United Nations Development Programme[b]
		United Nations Capital Development Fund[b]
		United Nations Population Fund[b]
		United Nations Children's Fund[b]
		United Nations Office for Project Services[b]
		United Nations Relief and Works Agency for Palestine Refugees in the Near East[b]
		United Nations Joint Staff Pension Fund[b]
		World Health Organization
		United Nations Entity for Gender Equality and the Empowerment of Women[b]
2011	2	International Atomic Energy Agency
		Universal Postal Union
2010	8	International Civil Aviation Organization
		International Maritime Organization
		International Telecommunications Union
		Pan American Health Organization
		United Nations Educational, Scientific and Cultural Organization
		United Nations Industrial Development Organization
		World Intellectual Property Organization
		World Meteorological Organization
2008	1	World Food Programme

[a] The United Nations Framework Convention on Climate Change and the United Nations Convention to Combat Desertification do not report to the General Assembly but will adopt IPSAS in 2014.

[b] Audited by the Board of Auditors.

[c] The United Nations Office on Drugs and Crime, the United Nations Environment Programme, the United Nations Human Settlements Programme, the International Trade Centre and the United Nations Institute for Training and Research are linked to the United Nations IPSAS adoption (timetable and implementation strategy).

Annex II

Status of implementation of the Board's recommendations in its second progress report on the implementation of the International Public Sector Accounting Standards

Recommendation	*Paragraph number*	*Not accepted*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
The Board recommends that the United Nations, in developing the benefits realization plan, take into account the impact of its decision to use the Integrated Management Information System (IMIS) and other existing systems	17			X		
For the United Nations and the funds and programmes implementing the International Public Sector Accounting Standards (IPSAS), the Board reiterates its previous recommendations that they should: (a) Define and plan for benefits they expect to achieve from the new information that will be available under IPSAS; (b) Establish clear accountability for benefits delivery; (c) Establish mechanisms to track benefits delivery; (d) Keep senior management and governing bodies apprised of progress towards benefits realization	21			X		
The Board recommends that all entities finalize or prepare a comprehensive benefits realization plan by the end of 2012	22			X		
The Board recommends that entities consider how information generated from IPSAS accounts can be used to develop comprehensive management accounts on the costs of operations to support effective management decision-making	27			X		
For all entities, the Board reiterates its previous recommendation that senior managers within the United Nations and its funds and programmes should, as a minimum, complete IPSAS awareness training that emphasizes the benefits of accruals accounting and how it might improve decision-making and business performance	36		X			
Conscious of the need for each entity to apply IPSAS-compliant accounting policies to fit its specific circumstances and activities, the Board reiterates its previous recommendation that the IPSAS Task Force establish the reasons for significant differences in accounting policy treatments with a view to achieving greater consistency	43			X		

Recommendation	*Paragraph number*	*Not accepted*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
The Board recommends that the Administration:	63			X		
(a) Detail, within the implementation strategy, what each of the key tasks noted below will involve and provide coverage to all the affected entities in volumes I (United Nations) and II (United Nations peacekeeping operations) of the financial reports and audited financial statements:						
(i) Development of technical adjustments/enrichments to IMIS and local databases and systems and procedures to support the requirements of IPSAS starting on 30 June, with a target date for completion of 31 October 2012;						
(ii) Introduction of new IMIS object codes to separately capture IPSAS-associated costs relating to acquisition of assets starting on 1 October 2012, with a target date for completion of 1 January 2013;						
(iii) Completion of development and testing of the initial version of technical adjustments/enrichments to IMIS, Procure Plus, local databases and systems and office-specific systems and procedures to support the requirements of IPSAS by 31 December 2012;						
(iv) Testing of the IMIS parallel ledger process and enhancement of the financial statement consolidation process with data as at 31 December 2012 by 31 July 2013;						
(v) Confirmation of the final version of the transition plan, with instructions for opening balances and tested IMIS parallel ledger and enhanced financial statement consolidation processes, and full architecture of staging areas, enhanced systems and processes to support IPSAS by 30 September 2013;						
(b) Reassess the risks to implementation. The Board recommends that the implementation strategy be completed, at the latest, by the start of the third quarter of 2012						
The Board recommends that, in finalizing the new implementation plan, the Administration clarify:	64			X		
(a) When and how it will be confirmed that IMIS has the requisite functionality to handle accruals-based data and the costs that will be involved in any upgrading;						
(b) The consolidation process to produce IPSAS-compliant financial statements volumes I and II of the financial reports and audited financial statements						

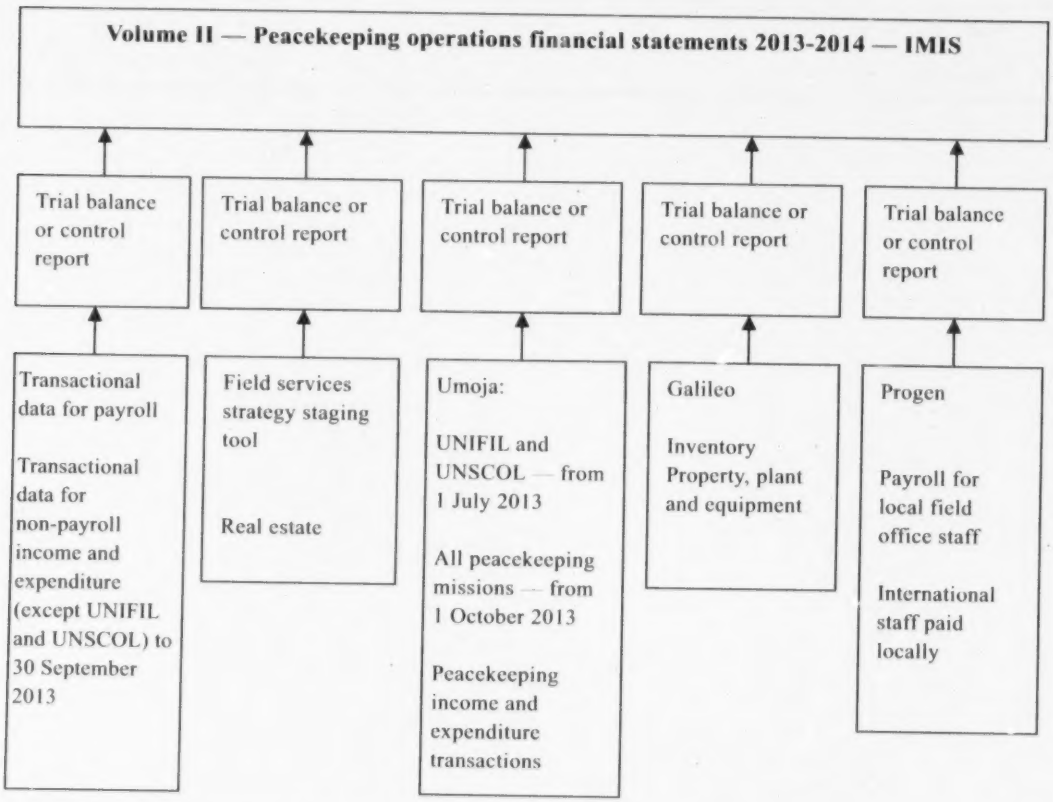
Recommendation	*Paragraph number*	*Not accepted*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
The Board recommends that senior management:	74		X			
(a) Act quickly to resolve any conflicting business transformation process						
(b) Ensure that adequate resources are available to missions and offices away from Headquarters to support IPSAS implementation and other business transformation projects						
The Board recommends that, in developing guidance on IPSAS for use across the United Nations, and in particular at those locations where IMIS and its control environment are not available, the Administration should:	80			X		
(a) Ensure that procedures are incorporated into the guidance to ensure adequate control over the accuracy, completeness and reliability of data prepared for manual input into IMIS;						
(b) Consider whether it will be more cost-effective, less complex and less risky to develop the application guidance afresh rather than updating and amending existing accounting guidance. The Board also considers that revised guidance should be available for peacekeeping operations no later than December 2012						
The Board recommends that the IPSAS Steering Committee integrate the IMIS technical support team into the overall IPSAS project framework to ensure accountability and monitoring of this new aspect of the project	85		X			
The Administration agreed with the Board's recommendation that it clearly identify the budgeted resources required to implement the revised strategy and to support first-time adoption of IPSAS	92		X			
The Board reiterates its previous recommendation that the Administration plan for sufficient in-house capacity and expertise for IPSAS implementation and to support the project in the longer term	93		X			
The Board recommends that management within each entity (United Nations Development Programme, United Nations Office for Project Services, United Nations Population Fund, United Nations Children's Fund, United Nations Relief and Works Agency for Palestine Refugees in the Near East and United Nations Joint Staff Pension Fund) urgently ensure that data to be used for IPSAS opening balances is checked and validated for completeness and accuracy	111		X			

Recommendation	*Paragraph number*	*Not accepted*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
The Board considers that the United Nations Entity for Gender Equality and the Empowerment of Women will need, as a matter of urgency, to develop a plan to address, closely monitor and manage the risks that could affect its successful implementation of IPSAS	120		X			
Total		–	**8**	**7**	–	–
Percentage		–	**53**	**47**	–	–

Annex III

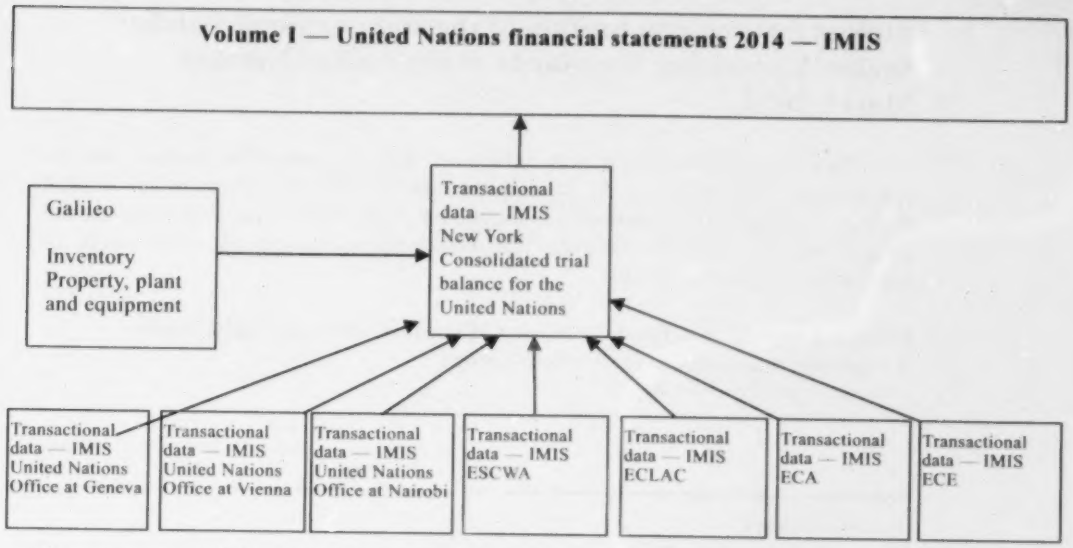
Information systems architecture for United Nations production of financial statements compliant with the International Public Sector Accounting Standards

Systems architecture for peacekeeping operations financial statements for 2013-2014


Volume II — Peacekeeping operations financial statements 2013-2014 — IMIS
Trial balance or control report
Trial balance or control report
Trial balance or control report
Trial balance or control report
Trial balance or control report
Transactional data for payroll
Transactional data for non-payroll income and expenditure (except UNIFIL and UNSCOL) to 30 September 2013
Field services strategy staging tool
Real estate
Umoja:
UNIFIL and UNSCOL — from 1 July 2013
All peacekeeping missions — from 1 October 2013
Peacekeeping income and expenditure transactions
Galileo
Inventory
Property, plant and equipment
Progen
Payroll for local field office staff
International staff paid locally

Abbreviations: IMIS, Integrated Management Information System; UNIFIL, United Nations Interim Force in Lebanon; UNSCOL, Office of the United Nations Special Coordinator for Lebanon.

Systems architecture for United Nations financial statements for 2014


Volume I — United Nations financial statements 2014 — IMIS
Galileo
Inventory
Property, plant and equipment
Transactional data — IMIS New York Consolidated trial balance for the United Nations
Transactional data — IMIS United Nations Office at Geneva
Transactional data — IMIS United Nations Office at Vienna
Transactional data — IMIS United Nations Office at Nairobi
Transactional data — IMIS ESCWA
Transactional data — IMIS ECLAC
Transactional data — IMIS ECA
Transactional data — IMIS ECE

Abbreviations: IMIS, Integrated Management Information System; ECA, Economic Commission for Africa; ECE, Economic Commission for Europe; ECLAC, Economic Commission for Latin America and the Caribbean; ESCWA, Economic and Social Commission for Western Asia.

Annex IV

Budget for implementation of the International Public Sector Accounting Standards at the United Nations, March 2013

The General Assembly was informed that the estimated budget for the International Public Sector Accounting Standards (IPSAS) amounted to $23.034 million. The budget is approved separately for each fiscal cycle under the regular budget and the support account for peacekeeping operations. The status of expenditures is reflected below.

Projected expenditure for the adoption of the International Public Sector Accounting Standards at the United Nations

(Thousands of United States dollars)

	2006-2012 expenditures (as at 31 March 2012)	*2012-2013 balance*	*2014-2015 estimates*[a]	*Total*
(1) Regular budget				
Section 29B, Office of Programme Planning, Budget and Accounts				
Posts	2 937.0	1 007.8	1 139.8	5 084.7
General temporary assistance	498.4	262.2	433.8	1 194.4
Consultants	272.9	–	–	272.9
Travel of staff	230.0	89.6	56.6	376.1
Contractual services	38.2	117.2	118.1	273.4
Other	78.7	33.6	33.6	145.9
Subtotal	**4 055.2**	**1 510.4**	**1 781.9**	**7 347.4**
Section 32, Joint financed activities				
Grants and contributions	1 159.3	534.7	534.7	2 228.7
Total, regular budget	**5 214.5**	**2 045.1**	**2 316.6**	**9 576.1**
(2) Support account for peacekeeping operations[b]				
General temporary assistance	1 586.3	1 204.8	740.3	3 531.4
Consultants	406.4	5 465.0	3 519.2	9 390.6
Travel	29.7	328.1	56.6	414.3
Other	–	54.0	33.6	87.6
Total, support account for peacekeeping operations	**2 022.5**	**7 051.8**	**4 349.7**	**13 423.9**
Grand total	**7 237.0**	**9 096.8**	**6 666.2**	**23 000.0**

[a] Figures are high-level estimates.

[b] The 2012-2013 balance includes the prorated appropriation for the period from 1 January to 30 June 2012 (adjusted after January-March expenditures) and estimates for the remaining 18 months of 2012-2013.